



MEMORANDUM

Date: August 16, 2011
To: Michigan Economic Growth Authority
From: Kenneth Murdoch, Project Specialist
Packaging Team
Subject: Briefing Memo –Gentex Corporation
Standard MEGA Credit & Standard MEGA Credit Amendment

COMPANY NAME

Gentex Corporation
600 North Centennial Street
Zeeland, Michigan 49464

HISTORY OF COMPANY

Gentex Corporation began in 1974 as a manufacturer of fire protection products. The company is best known, however, as the pioneer of the electrochromic, automatic dimming mirror industry, providing the automotive industry worldwide with mirrors that detect and eliminate dangerous rearview mirror glare.

The company's Night Vision Safety (NVS) mirrors are offered as standard or optional equipment to every automotive OEM in the world on hundreds of vehicle models. In recent years, Gentex innovations have led to the positioning of numerous advanced electronic featured mirrors, including Rear Camera Display, and Smart Beam.

The company has an existing 20 year 100% MEGA tax credit, awarded in 2002 for a company expansion, which allowed the creation of up to 625 jobs at one of the facilities in Zeeland.

The company currently has 2,756 employees in Michigan.

PROJECT DESCRIPTION

Today, the company has experienced significant growth and anticipates continued growth in the future resulting from the strong demand for its products. To accommodate the growth, the company is considering an expansion and employment growth at all company facilities located in the City of Zeeland and Holland Charter Township.

The company plans to invest approximately \$160 million, and create 1,110 jobs over the next five years, with 300 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$574. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

Further, the employment associated with the 2002 project, which was anticipated to be at one facility in Zeeland; in actuality is taking place across the company campus in the City of Zeeland and Holland Charter Township. Due to the internal shifts of product work and employment, the company is requesting that the project site be redefined to allow for any company site within the two communities.

Michigan Economic Development Corporation

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The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 3,838 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$48,800,000 (current dollars) due to the presence of this facility.

BUSINESS CASE

Gentex faces consistent pressure from customers, including BMW, Mercedes, Toyota, Honda and Hyundai to locate closer to their southern automotive plants. Alabama is of particular interest given their close proximity to customers, strong business cost structure and aggressive state incentives.

OTHER STATE AND LOCAL ASSISTANCE

The City of Zeeland and Holland Charter Township are supportive of offering a 12 year P.A. 198 property tax abatements. The estimated value of these abatements is \$7.2 million.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends the following:

- A 100 percent standard employment tax credit for 3 years for up to 1,110 net new employees in excess of the company's established base of 2,756; and
- Amendment to the existing MEGA approved on November 19, 2002 and further amended July 19, 2006 to include all Gentex facilities in the City of Zeeland and Holland Charter Township.